

Amendment No. 1 to SB1275

**Ketron
Signature of Sponsor**

FILED

Date _____

Time _____

Clerk _____

Comm. Amdt. _____

AMEND Senate Bill No. 1275

House Bill No. 1003*

by deleting all language after the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Section 66-11-144(a), is amended by adding the language “interest bearing” between the word “separate” and the word “escrow”.

SECTION 2. Tennessee Code Annotated, Section 66-11-144(c), is amended by deleting the words “any interest” and by substituting instead the words “all interest”.

SECTION 3. Tennessee Code Annotated, Title 66, Chapter 34, Part 1, is amended by adding the following language as a new, appropriately designated section:

66-34-1__.

(a) All construction contracts on any project in this state, both public and private, may provide for the withholding of retainage, provided, however, that the retainage amount may not exceed five percent (5%) of the amount of such contract.

(b) The owner, whether public or private, shall release and pay all retainages for work completed pursuant to the terms of any contract to the prime contractor within ninety (90) days after completion of such work or within ninety (90) days after substantial completion of the project, whichever occurs first. As used in this subsection, work completed shall be construed to mean the completion of the scope of the work covered by the contract under which the retainage is being held. The prime contractor shall pay all retainages due any subcontractor within ten (10) days after receipt of such retainages from the owner. Any subcontractor receiving such retainage from the prime contractor shall pay to any sub-subcontractor or material supplier all retainages due such sub-subcontractor or material supplier within ten (10) days after receipt of such retainages.

(c) Any default in the making of such payments shall be subject to those remedies provided in this part.

SECTION 4. Tennessee Code Annotated, Section 66-34-203, is amended by deleting the period at the end of the last sentence of the section and by substituting instead the language “, provided, however, that the retainage amount may not exceed five percent (5%) of the amount of such contract.”.

SECTION 5. Tennessee Code Annotated, Section 66-34-204, is amended by changing the period at the end of the language following subdivision (3) to a semi-colon and by adding the language “provided, however, that such retainage must be paid within ninety (90) days after the date of the occurrence of an event included in subdivision (1), (2) or (3).”.

SECTION 6. Tennessee Code Annotated, Section 66-34-303, is amended by deleting the period at the end of the last sentence of the section and by substituting instead the language “, provided, however, that the retainage amount may not exceed five percent (5%) of the amount of such contract.”.

SECTION 7. This act shall take effect July 1, 2007, the public welfare requiring it and shall apply to all construction contracts to which this act applies entered into on or after the effective date of this act.